

Unapproved Aircraft Parts Investigation

TASKS

- MANAGES THE COAST GUARD APPROVED PARTS PROGRAM
 - ENSURES THE INTEGRITY OF FLIGHT SAFETY CRITICAL AIRCRAFT PARTS (FSCAP) PROCURED OR REPAIRED BY COAST GUARD SUPPLY ACTIVITIES
- PERFORMS INVESTIGATIONS DIRECTLY TO THE D.O.T. I.G. AND JUSTICE DEPARTMENT
 - COLLECTS EVIDENCE TO BE USED AGAINST SUSPECTED COUNTERFEIT PARTS MANUFACTURERS

A DEFINITION OF TERMS

- **BOGUS PARTS:** A loosely defined term which has come to describe several parts categories, ranging from properly manufactured parts lacking required documentation to defective and deliberately counterfeited parts.
- **UNAPPROVED PARTS:** Under FAA regulations, all aircraft parts manufactured without FAA approval (specifically FARs Part 21.305 or repaired under the terms of Part 43) are unapproved parts. This catchall classification includes counterfeit parts, stolen parts, production overruns sold without authorization, parts in exceedance of their time limits, approved parts improperly returned to service, and fraudulently marked parts, or parts which have no traceability.
- **COUNTERFEIT PARTS:** Parts made of inferior properties.

A DEFINITION OF TERMS (cont'd)

- **APPROVED PARTS:** These parts conform to FAA-approved production standards (FAR 21.305). They can be approved under a Parts Manufacturer Approval (PMA), under Technical Standard Orders (TSOS), in conjunction with type-certification procedures through FAA Administration approval, or by conforming to recognized Industry specifications.
- **LIFE-LIMITED and TIME-EXPIRED PARTS:** Aircraft parts that have predetermined service lives become “timed out” and no longer serviceable after exceeding these prescribed limits. Illegal use of scrapped, time-expired critical parts, which do not have to be destroyed prior to disposal or sale as scrap, has been linked to several fatal aircraft accidents.

Case History

- The Coast Guard averages 20 cases at all times
- The Coast Guard has assisted the DOT OIG's Office and the Justice Department in more than 50 investigations
- Case examples
 - HU-25 – Falcon windows
 - HH-65 – cup washers, vertical tube nut, bearing seat, servo rod end
 - HH-60 – flight control fittings
 - C130 – C12 gyro

UNITED STATES CRIMINAL CODE VIOLATIONS

| | |
|---------------------|--|
| 18 U.S.C. 2 | Aiding and abetting, or willfully causing an offense against the United States |
| 18 U.S.C 371 | Conspiracy to commit offense against the United States |
| 18 U.S.C. 1001 | False statements in a matter within the jurisdiction of an agency of the United States |
| 18 U.S.C. 1341/1343 | Mail/wire fraud |
| 18 U.S.C. 1962© | R.I.C.O. - commercial bribery |
| 18 U.S.C. 2314 | Interstate transportation of stolen property or interstate transportation of property valued in excess of \$5,000 with intent to defraud |
| 18 U.S.C. 2320 | Trafficking in counterfeit goods or services |
| 18 U.S.C. 32(a)(6) | Willfully communicate false information to endanger safety of aircraft |

PARALLEL PROCEEDINGS

Criminal Charges

- Individuals and Corporations
- 5 years in Jail and \$250,000 per Count or \$300,000 per Count Plus Costs

Administrative Actions

- Individual and Facility Certificates
- Revocation or Fines \$1,000 - \$10,000 per Violation

Civil

- Suits / Injunctions



The Aircraft Safety Act of 2000

The title of the Aircraft Safety Act (the Act) reflects the primary purpose of the bill: to safeguard passengers and crewmembers from the dangers posed by installation of nonconforming, defective, and counterfeit parts in civil, public, or military aircraft or spacecraft.

The problems associated with nonconforming, defective, and counterfeit aircraft parts are legion since a single domestic passenger airplane alone can contain as many as 6 million parts. Industry has estimated that as much as \$2 billion in unapproved parts are now sitting on the shelves of parts distributors, airlines, and repair stations. Over the past few years, the Department of Transportation Inspector General and the Federal Bureau of Investigation have obtained 136 indictments, 98 convictions, nearly \$50 million in criminal fines, restitutions, and recoveries in cases involving unapproved aircraft parts. Additional investigations are underway with no sign of abatement. Yet, until now, no single Federal law targeted the problem in a systematic, organized manner. The Aircraft Safety Act of 2000 has changed that and should prove to be a potent tool to combat this illegal activity.

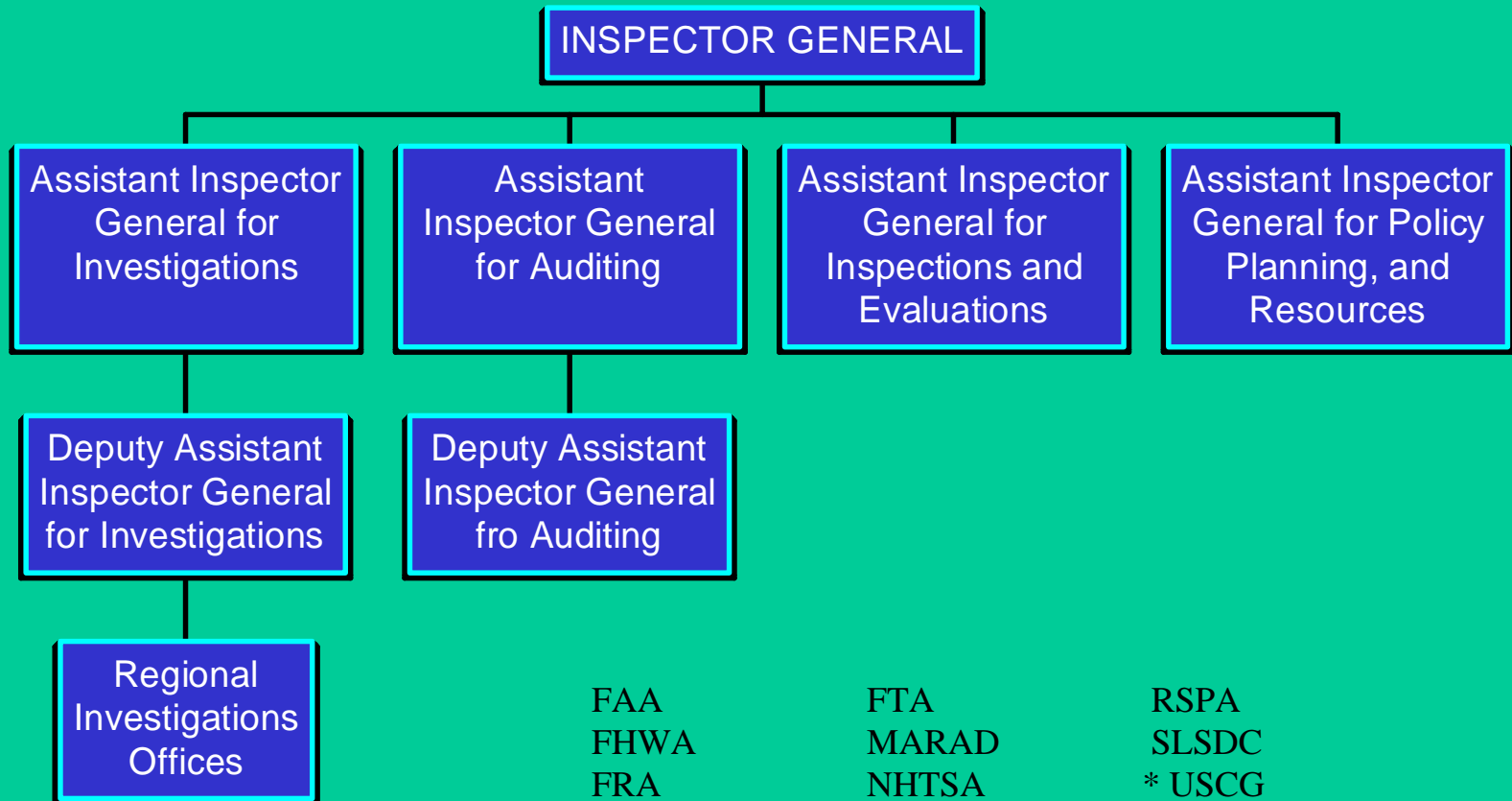
The Aircraft Safety Act of 2000

(cont'd)

As noted above, the Act employs a four-tier sentencing approach. A simple violation of the Act carries with it a maximum punishment of 10 years imprisonment and a fine of up to \$250,000. If the offense relates to the "aviation quality" of a part and the part is installed in an aircraft or spacecraft, the maximum punishment increases to 15 years and a fine of up to \$500,000. If, however, the part to which the offense is related fails to operate as represented and causes a malfunction or failure that results in serious bodily injury, then the maximum punishment rises to 20 years and a \$1 million fine. Finally, if the part to which the offense is related fails to operate as represented and causes a malfunction or failure that results in death, then the maximum punishment increases to life imprisonment and a \$1 million fine. Fines for corporate offenders can be as high as \$20 million.



OFFICE OF INSPECTOR GENERAL



DOT Office of the Inspector General

- Case example
 - Air Marine Sales
 - Starters



- The results of a teardown inspection. All parts shown are unapproved or modified and do not meet industry standards. As a result of the OIG investigation, the FAA issued an Airworthiness Directive for the starters.



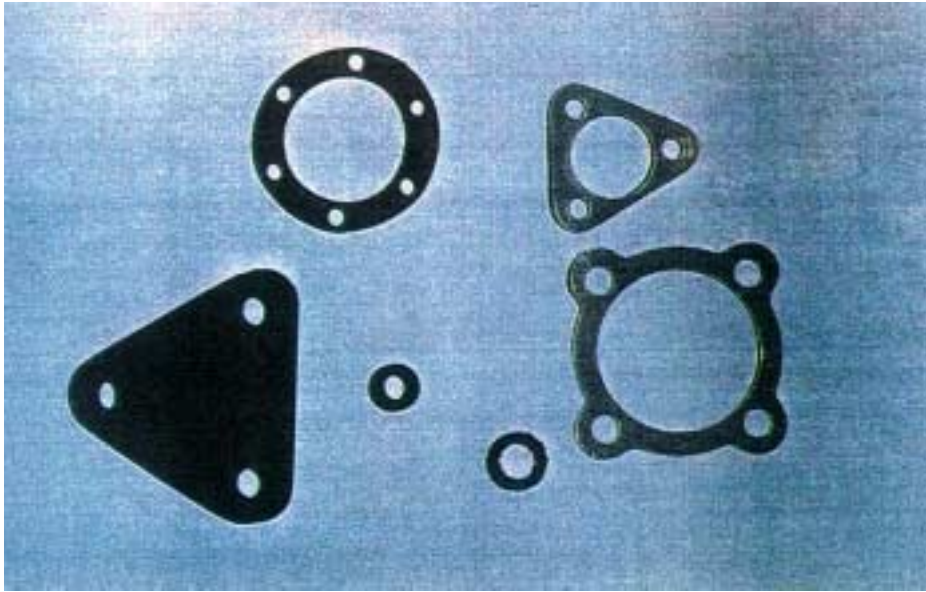
- During the execution of a search warrant on a parts distributor in South Florida, employees were observed making unauthorized repairs to gears and starter housings for use in overhauls and repairs.





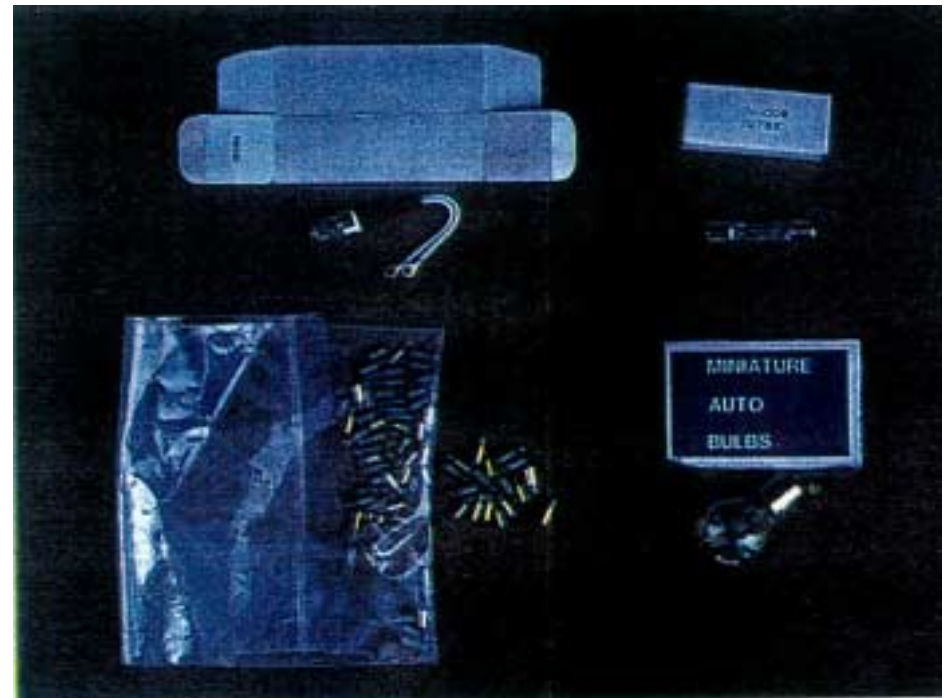
- Once the parts were filled, sanded or sandblasted and painted, they are difficult to detect. Most of the suspect parts are used inside the component and therefore may only be detected after a failure. Reworked gear in lower right photo lacks a required part number.





Any part can be counterfeited. A parts distributor had seals manufactured and falsely represented them as approved parts. The seals, one of which could affect flight safety, failed testing.

Aircraft lights have also been manufactured without approval and represented as approved parts. Some of these parts have also failed testing.



Contacts

- Report suspect unapproved parts to:

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